

Optimization of the Enterprise Risk Portfolio

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Abstract

We demonstrate an integrated enterprise risk management (ERM) solution to optimize the risk portfolio, identify natural hedges, create an optimal risk treatment plan, enhance risk culture, and facilitate risk reporting throughout the organization. A successful ERM program can be advantageous to all stakeholders by improving and protecting earnings by reducing earnings volatility, enhancing employees' and customers' health and safety, and preventing environmental damage. The case study focuses on risk in the offshore industry with estimations of the enterprise-wide risk exposure by the use of the Total Enterprise Risk Manager (TERM) software solution.